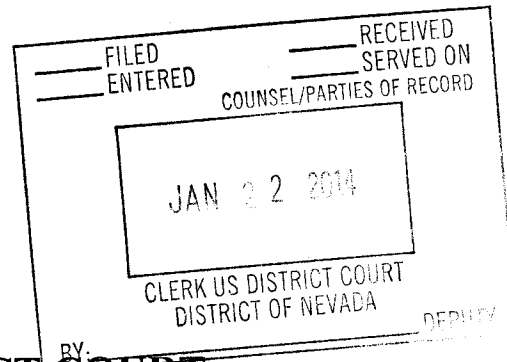




SEALED

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**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEVADA**

UNITED STATES OF AMERICA,

Plaintiff,

vs.

ALEXANDER JARIV,

Defendant.

CASE NO: 2:14-cr-0015-JCM-VCF

**CRIMINAL INFORMATION**

**The United States Attorney for the District of Nevada alleges that:**

**COUNT ONE  
Conspiracy  
18 U.S.C. § 371**

**GENERAL ALLEGATIONS**

1. The defendant resides in or around Las Vegas, Nevada.
2. The Energy Independence and Security Act of 2007 required the U.S. Environmental Protection Agency (EPA) and the U.S. Internal Revenue Service (IRS) to encourage the production and use of renewable fuel in the United States. Specifically, this Act directed these agencies to write regulations to ensure an increase in the amount of such fuel through a taxpayer-funded incentive program and a mandate that applied to petroleum refiners and importers.

1           3.       From May 2007 through the present, petroleum refiners and petroleum importers in  
2 the U.S. were required by federal law to have renewable fuel in their product mixes. These  
3 petroleum refiners and petroleum importers, who were known as “obligated parties,” could meet this  
4 obligation by purchasing credits generated by renewable fuel producers or importers. The obligated  
5 parties were required to give these credits that they purchased to the EPA to meet their obligations  
6 under the law. These credits were called “renewable identification numbers” or “RINs.” Since July  
7 1, 2010, RIN credits were electronically generated, stored, and traded.

8           4.       Renewable fuel producers and importers could generate RIN credits by producing or  
9 importing renewable fuels, including biodiesel, produced by approved producers in compliance with  
10 EPA regulations. Then, the biodiesel producers or importers could sell the RIN credits to obligated  
11 parties or middlemen by selling a volume of biodiesel with a number of RIN credits tied to or  
12 “assigned” to that volume.

13           5.       Under EPA’s regulations, there were circumstances that allowed a RIN credit owner  
14 to separate the RIN credit from the volume of biodiesel to which it had been assigned. After  
15 separation, RIN credits could be bought and sold without buying and selling the associated fuel.  
16 From then on, the RIN-stripped biodiesel could never be used to generate more RIN credits.

17           6.       Before July 1, 2010, businesses generating, buying and selling RINs would send  
18 required reports to the EPA about their RIN activity. After July 1, 2010, RIN transactions were  
19 handled through the EPA Moderated Transaction System (EMTS). In EMTS, all RIN generation  
20 events and all RIN transactions were recorded electronically, using an on-line database. Each RIN  
21 generation event was logged with a unique log identification number. Each RIN generating facility  
22 was assigned a unique production facility identification number.

23           7.       It was illegal to generate RINs for a volume of biodiesel that was not actually  
24 produced, or not produced in compliance with EPA regulations. In particular, it was illegal to

1 generate RINs unless the RINs were based on renewable fuel and the production process used to  
2 make that fuel met specific criteria. Moreover, it was illegal to generate RINs more than once for  
3 any given volume of biodiesel. It was also unlawful to fail to give RINs to EPA that one was  
4 obligated to give.

5 8. Producers and importers of biodiesel were required to report data to the EPA about  
6 the production process and the feedstock used and it was illegal to knowingly make material false  
7 statements in these electronic or paper submissions to the EPA.

8 **THE CHARGE**

9 9. Beginning at a time unknown to the Grand Jury, but not later than in or about June  
10 2009, and continuing thereafter until a time unknown to the Grand Jury, but not earlier than in or  
11 about January 1, 2012, in the District of Nevada and elsewhere, Defendant ALEX JARIV did  
12 knowingly and willfully combine, conspire, confederate, and agree with others known and unknown  
13 to the Grand Jury to commit offenses against the United States; specifically, he conspired to:

- 14 a. transmit and cause to be transmitted by means of wire and radio communication in  
15 interstate and foreign commerce, writings, signs, signals, pictures and sounds for the  
16 purpose of executing a scheme and artifice to defraud, and for obtaining money and  
17 property by means of false and fraudulent pretenses, representations and promises, in  
18 violation of 18 U.S.C. § 1343;
- 19 b. knowingly make false material statements, representations and certifications in, and  
20 to knowingly omit material information from, notices, applications, records, reports,  
21 plans and other documents required pursuant to the Clean Air Act, in violation of 42  
22 U.S.C. § 7413(c)(2)(A); and
- 23 c. knowingly conduct and attempt to conduct financial transactions affecting interstate  
24 commerce and foreign commerce, which transactions involved the proceeds of

1 specified unlawful activity, that is, wire fraud, knowing that the transactions were  
2 designed in whole or in part to conceal and disguise the nature, location, source,  
3 ownership, and control of the proceeds of specified unlawful activity, and that while  
4 conducting and attempting to conduct such financial transactions, knew that the  
5 property involved in the financial transactions represented the proceeds of some form  
6 of unlawful activity, in violation of Title 18, U.S.C. Section 1956(a)(1)(B)(i)

7 **Manner and Means**

8 10. The defendant, with others, operated Canada Feedstock Supply in Vancouver, British  
9 Columbia, Canada. Canada Feedstock would falsely claim to import into Canada from the United  
10 States agricultural oils and grease, a feedstock for biodiesel, and would falsely claim to sell and  
11 transfer this product to a closely affiliated company owned by the defendant's father and other  
12 coconspirators, called CityFarm, also in Vancouver, British Columbia. CityFarm would claim to  
13 produce biodiesel and then import it into the United States, and sell the biodiesel to another related  
14 company, Global E Marketing, located in Las Vegas, Nevada, and controlled and operated by the  
15 defendant's coconspirator father. CityFarm would in actuality not produce the quantities of  
16 biodiesel that it claimed to import and sell to Global E Marketing. The employees and agents of  
17 CityFarm and Global E Marketing, with the defendant's knowledge, would generate documents such  
18 as import records, invoices, and shipping records to document the import and sale of biodiesel from  
19 CityFarm to Global E Marketing, when in truth and in fact the quantities of biodiesel claimed to be  
20 generated and sold were false.

21 11. The defendant, and others at his direction, would make entries in an EPA computer  
22 system that falsely claimed that CityFarm had produced biodiesel, and imported, transferred and  
23 sold it to Global E Marketing. The defendant, and others at his direction, would make additional  
24 entries in this EPA computer system that claimed this biodiesel was blended with petroleum diesel,

1 when in truth and in fact it was not. These entries in the EPA computer system allowed Global E  
2 Marketing to create a credit, called a RIN, that could be sold for money.

3 12. The defendant and his coconspirators caused Global E Marketing to generate in  
4 excess of 6.2 million RINs, worth between \$7 and \$20 million, for fuel that was never produced,  
5 imported, and sold to Global E Marketing as entered in the EPA computer system.

6 13. The defendant, his coconspirators, and Global E Marketing then sold and transferred  
7 these RINs to customers in exchange for money. The defendant, and others at his direction, would  
8 make entries in an EPA computer system documenting these sales.

9 14. Monies from the sales of the fraudulently generated RINs would be deposited in bank  
10 accounts in Las Vegas, Nevada. Monies from the sales of the fraudulently generated RINs would be  
11 transferred between banks in Nevada and elsewhere in an attempt to disguise the origin of the funds,  
12 and to protect the funds from seizure by the government.

13 **Overt Acts**

14 15. In furtherance of the conspiracy, and to accomplish the objectives of the conspiracy,  
15 the Defendant and others did commit the following overt acts, among others, in the District of  
16 Nevada, and elsewhere:

17 **Overt Act 1.** The defendant traveled to Vancouver, British Columbia, for the purpose of  
18 operating the company Canada Feedstock Supply in Canada. The company was created and  
19 operated for the purpose of creating records that would make it appear as if CityFarm was  
20 purchasing agricultural oils and grease needed for biodiesel production.

21 **Overt Act 2.** In 2009, a biodiesel producing facility in Vancouver, British Columbia, called  
22 CityFarm was purchased by the defendant's coconspirators.  
23  
24



1           17. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of  
2 an offense in violation of Title 18, United States Code, Section 1956, or a conspiracy related  
3 thereto, as set forth in Count 1 of this Information, the Defendant shall forfeit to the United  
4 States of America any and all property, real or personal, involved in such offense and any  
5 property traceable to such property. The property to be forfeited includes, but is not limited  
6 to, the following:

- 7           a. Cash in the amount of \$42,000;  
8           b. 2007 Hummer H2, bearing Nevada tag 953 YZT, VIN 5GRGN23U77H100987;  
9           c. Real property located at 322 Karen Avenue, #1801, Las Vegas, NV, Clark County parcel  
10           number 162-10-114-121, including all structures, appurtenances, and improvements  
11           thereon;  
12           d. Contents of Bank of Montreal Account No. 3970448;  
13           e. Contents of Bank of Montreal Account No. 4781218;  
14           f. Contents of American First Credit Union Account No. 27844083-1; and  
15           g. Contents of any other foreign or domestic bank account involved in the offense and any  
16           property traceable to such property.

17           18. Pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28,  
18 United States Code, Section 2461(c), upon conviction of an offense or offenses in violation of  
19 Title 18, United States Code, Section 1343, or a conspiracy related thereto, as set forth in Count  
20 1 of this Information, the Defendant shall forfeit to the United States of America, any and all  
21 property, real or personal, which constitutes or is derived from proceeds traceable to the  
22 offense or offenses. The property to be forfeited includes, but is not limited to, the following:

- 23           h. Cash in the amount of \$42,000;  
24           i. 2007 Hummer H2, bearing Nevada tag 953 YZT, VIN 5GRGN23U77H100987;  
            j. Real property located at 322 Karen Avenue, #1801, Las Vegas, NV, Clark County parcel  
            number 162-10-114-121, including all structures, appurtenances, and improvements  
            thereon;  
            k. Contents of Bank of Montreal Account No. 3970448;  
            l. Contents of Bank of Montreal Account No. 4781218;  
            m. Contents of American First Credit Union Account No. 27844083-1; and  
            n. Contents of any other foreign or domestic bank account which constitutes or is derived  
            from proceeds traceable to the offense or offenses.



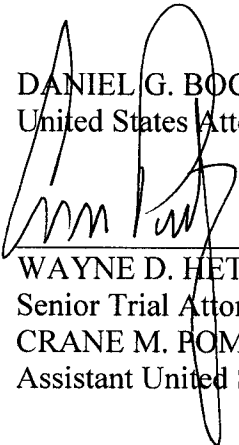
1           19. If the property described above as being subject to forfeiture, as a result of any act  
2 or omission of the Defendant,

- 3           a. cannot be located upon the exercise of due diligence;  
4           b. has been transferred or sold to, or deposited with a third person;  
5           c. has been placed beyond the jurisdiction of the Court;  
6           d. has been substantially diminished in value; or  
7           e. has been commingled with other property which cannot be subdivided  
8 without difficulty;

9 it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as  
10 incorporated by Title 18, United States Code, Section 982(b)(1), and Title 31, United States  
11 Code, Section 5317(c), and Title 28, United States Code, Section 2461(c), to seek forfeiture of  
12 any other property of the Defendant up to the value of the above forfeitable property and  
13 obtain a money judgment in an amount equal to the value of the property involved in the  
14 violations.

15 Dated this 2<sup>nd</sup> day of January 2014

16 DANIEL G. BOGDEN,  
17 United States Attorney

18   
19 WAYNE D. HETTENBACH  
20 Senior Trial Attorney  
21 CRANE M. POMERANTZ  
22 Assistant United States Attorney  
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